

On 18 June Groenewout organized the latest innovation update and networking session in Breda. The program was divided into two sets of three parallel sessions, and the venue was Dinalog's modern offices in Breda. With more than 30 participants and featuring plenty of knowledge sharing, interactive discussions and networking, the event was a resounding success.

Innovation Session:

How to achieve sustainable growth of your webshop

What is the key to successful growth? Can you learn from companies who are successful and growing? That can be difficult because there are so many examples, whereby each company has made different choices and has adapted their e-fulfillment operations effectively to cope with the growth.

It can sometimes be beneficial to look at where others have failed. We took 'Webvan' as an example – an online supermarket launched in San Francisco which experienced very rapid growth and expanded to 10 other metropolitan areas of the US in a short space of time. Unfortunately it lacked a sound financial business model and the company went bankrupt in the summer of 2001.

In 2012, after a long-running pilot with the online sale of groceries in Seattle, Amazon recruited the ex-leaders of Webvan to guide its company AmazonFresh through the growth phase.

The lessons learned from Webvan are still very relevant today: margins are small and operational efficiency is crucial. Investments in IT and mechanization must be carefully considered, and high fixed costs and rigid working methods can be fatal. Scalability and flexibility based on product and order characteristics are the key to success.

During the session one of the grocery retailers said that, even after many years of experimenting and optimization, its online business is still not achieving the same margins as its physical stores.

Meanwhile, one of the e-fulfillment service providers present stated that e-fulfillment is definitely possible for low-margin products as long as you formulate clear objectives in terms of margins and that you align the intended target group, products & services and cost structure accordingly.

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